

MEMO

IMMANUEL LUTHERAN CORPORATION

To:

Montana Legislators

EXHIBIT 36

From:

Linda W. Shearer, Interim Executive Director

DATE 1-25'61

Date:

December 19, 2006

Subject:

Funding of Skilled Nursing Facilities

The Immanuel Lutheran Corporation is a social ministry organization owned by Lutheran congregations mostly in western Montana. We serve primarily senior adults, from all backgrounds, in a 159 bed skilled nursing facility, Immanuel Lutheran Home, and a 100 apartment independent and assisted senior living facility, Buffalo Hill Terrace in Kalispell, MT. We also operate a small children's day care and a volunteer program that serves 150 seniors who live in the community in their own homes.

We face increasing challenges in providing nursing home care. No business can continue for long when the expense of an activity exceeds the reimbursement. In fiscal year 2006, we provided 35,175 days of care for Medicaid eligible residents, nearly 62% of all of the care we provided, at a loss of \$785,000, or \$22 per person per resident day. 75% of the actual cost of care was paid out in wages.

In fiscal year 2007, with a Medicaid reimbursement rate of \$147 per resident day, we expect to lose almost \$900,000. When Immanuel's Medicaid occupancy was below 50%, we were able to spread the financial loss to privately paying residents, but this is no longer possible. What we are able to charge private pay residents is no longer enough to balance the loss we sustain in providing care for Medicaid residents.

As a charitable organization we are constantly asking for private donations, applying for grants and sponsoring fund raisers to try and make our ends meet. We are constantly battling regulations that increase the cost of providing care. We do not want to provide marginal care. None of us want marginal care for our parents or our selves.

Unfortunately, when the public demands that government take responsibility for improving quality, if that government does not make available the financial resources for improvement, what they do instead is impose regulations, and that is what long term care has had, years and years of increasingly expensive regulation without realistic funding.

The average length of stay in our nursing home is 2 ½ years, but we have many residents who, because of advanced Multiple Sclerosis, Parkinson's or Alzheimer's Disease live with us for 5 to 10 years, or more. The average cost of 3 years of nursing home care is over \$180,000; at 5 years the cost is over \$300,000. A significant portion of Montana citizens have less than enough money to pay for that care for themselves and their spouses. They were not "poor", but they were not "rich" either, consequently they must depend on Medicaid.

I know you are all aware that we have a serious labor shortage in the Kalispell area. The cost of paying staff to care for nursing home residents has risen considerably. Nurses expect to earn more than \$20 an hour, and Certified Nursing Assistants expect, and no doubt deserve, \$10 an hour. Increases in the Medicaid reimbursement rate need to keep pace or we will not have enough staff to provide care for our parents and ourselves in the future.

This situation is only going to get worse as more of us age, and there are fewer workers to care for us. The 2.5% increase proposed in the governor's budget for this year is not sufficient. It will not cover the cost of our increasing expense for labor. It will leave us further and further behind. The worst case scenarios are ahead of us and the resources we have accumulated for them will be depleted if we don't recognize where we're headed and take action now.

We are asking you to consider the needs of healthcare providers at the beginning of the legislative session, not at the end when all other budgets have been set. We are asking you to consider carefully and prayerfully how to reimburse care providers adequately so that they can continue being of service to the community.

Assisted living and community based services are wonderful, but when you need skilled nurses and two or more people at a time to care for you, you will want to know that you did everything possible to ensure that people whom you trust are there to provide it.

Linda W. Shearer

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